

INFOGRAPHIC

SOURCES: JC3, MYHIAU, BANK WEBSITES | COMPILED BY KIRAN JACOB | INFOGRAPHIC BY LEE WAN YEE / THE EDGE

## Green incentives

- 1 MyHIAU Mark – The official green recognition scheme endorsed by the government of Malaysia. Any product or service that is recognised by the MyHIAU Mark can be referenced for green procurement by the government or private sector.
- 2 Green Income Tax Exemption (GITE) – Applicable to green technology service providers listed under the MyHIAU directory.
- 3 Green Investment Tax Allowance (GITA) Assets – Applicable to companies that acquire qualifying green technology assets and are listed under the MyHIAU directory. The assets could be used to reduce emissions, conserve energy, water or recycle waste. They must be used for own consumption.
- 4 GITA Projects – Applicable to companies that undertake qualifying green technology projects for business or their own consumption.

## Budget 2022

In Budget 2022, the government announced key initiatives and incentives relating to ESG:

### **E** ENVIRONMENT: MINIMISING THE IMPACT OF AN ORGANISATION ON NATURE

Initiatives to reduce carbon dioxide (CO2) or other GHG emissions including:

- Green incentives and funding/matching grants for activities to reduce CO2/GHG emissions (eg RM12 million matching grant for research to enhance light emitting diodes (LED) and electric vehicles (EV));
- RM 1 billion fund to support SMEs in reducing their carbon footprint; and
- Setting up Bursa Malaysia's Voluntary Carbon Market (VCM) platform to support trading of carbon credits to help manage organisations' carbon footprint.

### **S** SOCIAL: CONTRIBUTIONS BY AN ORGANISATION TO PROMOTE FAIRNESS IN SOCIETY

Contributions to promote trust, welfare and equality in society, product safety and data privacy and security. For example:

- Funding/matching grants (eg RM 1.1 billion fund for training/upskilling, RM6.6 billion to implement various technical and vocational education and training initiatives); and
- RM7,000 tax relief for professional courses, including ESG-related programmes.

### **G** GOVERNANCE: PROCESSES FOR DECISION MAKING, REPORTING AND ETHICAL BEHAVIOUR

Focuses on quality and scope of reporting and accountability. This includes tax transparency, for example:

- Management of fiscal affairs by the authorities (proposed Fiscal Responsibility Act, tax expenditure statement); and
- Tax compliance certificates.

SOURCE: JOINT COMMITTEE ON CLIMATE CHANGE (JC3) REPORT ON THE SUSTAINABLE FINANCE LANDSCAPE IN MALAYSIA IN APRIL 2022.

## Green financing

Financial institutions are offering a plethora of green solutions to help businesses transition to a low-carbon economy.

### GREEN AND SRI SUKUK FRAMEWORK

- a. The Asian Development Bank Institute describes green sukuk as a sharia-compliant financial instrument with two labels, that is, "Islamic" and "Green". The "Islamic" label means it is an interest-free bond that generates returns for investors based on sharia principles, while the "Green" label means the sukuk is compliant with green bond standards.
- b. The Sustainable and Responsible Investment (SRI) Sukuk Framework facilitates the financing of sustainable and responsible investment initiatives in Malaysia. To encourage and grow the SRI sukuk and bond segment, the Securities Commission Malaysia has established the SRI Sukuk and Bond Grant Scheme. The scheme application period is from January 2021 until it is fully utilised.

## Low carbon transition facility for SMEs

Bank Negara Malaysia's Low Carbon Transition Facility was established to help small and medium-sized enterprises (SMEs) to be in line with Malaysia's net-zero emission goal by 2050. The facility is available from Feb 3, 2022 until it is fully utilised.



Financing size per SME  
**Maximum RM10 million**



Financing rate to SMEs  
**Maximum financing rate of 5% pa, inclusive of guarantee fee (if any)**



Tenure  
**Up to 10 years**

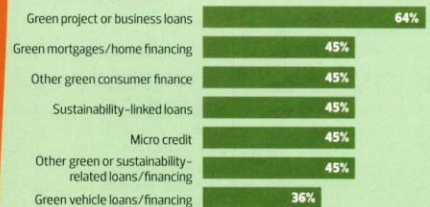
# Green financing and incentives in Malaysia

These forms of financing and incentives reward businesses that work towards reducing carbon emissions and becoming more sustainable. Here is an overview of the different types available to Malaysian businesses.

## Green products by banks

There is a growing trend of green products in Malaysia, with 91% of the banking sector having at least one or more green product or service offering, according to the Joint Committee on Climate Change (JC3) Report on the Sustainable Finance Landscape in Malaysia in April 2022.

### BANKING SECTOR



Below are examples of green products offered by Malaysian banks (non-exhaustive list):

#### 1 UOB

- Green Financing Framework for Circular Economy
- Smart City Sustainable Finance Framework
- Real Estate Sustainable Finance Framework
- Green and Sustainable Trade and Finance Framework

#### 2 CIMB

- SME Renewable Energy Financing
- Sustainability-linked loans and sustainability-linked treasury solutions
- GreenBizReady for SMEs

#### 3 MAYBANK

- Green Technology Financing Scheme
- Maybank Solar Financing

#### 4 ALLIANCE BANK

- Green Technology Financing Scheme
- BizSmart Solution matching with green solution providers

#### 5 RHB BANK

- RHB Vehicle Financing-I for hybrid or electric vehicles
- Solar Panel Financing Package

## What else is out there?

Products observed in the global market include:

- Green housing insurance
- Green motor insurance
- Green insurance for business
- Green insurance for technology